

January 23, 1997

**TO THE BOARD OF DIRECTORS OF THE
FEDERALLY INSURED CREDIT UNION ADDRESSED:**

In October of 1990, the National Credit Union Administration Board approved regulations to implement Section 212 of the Federal Credit Union Act, which was added by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. These regulations unofficially labelled “executive approvals for troubled credit unions,” are contained in Sections 701.14 and 741.205 of the National Credit Union Administration (NCUA) Rules and Regulations.

Since your credit union has been identified as being in a “troubled condition,” it is subject to these regulations. As a result, it is imperative that you become familiar and fully comply with these regulations. This letter highlights the major provisions of these regulations.

The Regulation’s Major Provisions

The regulation requires NCUA to approve or disapprove any change in:

- members of the board of directors,
- committee members, and
- senior executive officers.

The following credit unions must comply:

- newly chartered federally insured credit unions (in operation less than two years), or
- a federally insured credit union in a troubled condition.

Definitions:

- A “**committee member**” is any member of the credit committee or supervisory (audit) committee.
- A “**senior executive officer**” means a credit union’s chief executive officer (president, treasurer, or manager), assistant executive officers (vice president, assistant treasurer, or assistant manager) and/or chief financial officer (controller). The term “**senior executive officer**” also includes any employee of an outside entity hired to perform the functions of positions covered by the regulation.
- A “**troubled condition**” credit union is defined as a credit union which has been assigned a composite CAMEL Code 4 or 5 by NCUA or the state supervisory authority, or has been granted assistance under section 208 or 116 of the Federal Credit Union Act.

What are the reporting time frames?

A federally insured credit union must give NCUA written notice at least 30 days prior to the effective date of any addition, replacement, reassignment or change of the positions covered by this regulation. Prior notice is not required for new members elected to the board of directors or credit committee at a meeting of the members. However, a completed notice for each newly elected official must be filed within 48 hours of the election.

With whom shall these notices be filed?

The notices must be filed with the NCUA Regional Director. Federally insured state-chartered credit unions must also file a copy of the notices with their state supervisor.

What information is required in the notice?

The notice will contain information pertaining to the competence, experience, character, and integrity of the individual to whom the notice pertains and any additional information that NCUA may require. The information submitted must include, but will not necessarily be limited to, each individual's:

- Identity;
- Personal history;
- Business background;
- Experience, including material business activities and affiliations during the past 5 years;
- Pending legal or administrative proceedings in which the individual is a party, if any; and
- All criminal indictments or convictions of the individual by a state or federal court, if any.

In addition, each individual on whose behalf the notice is filed must attest to the validity of the information filed. At the option of the individual, the above information may be forwarded directly; however, the credit union must file a notice to that effect.

The attached questionnaire is being provided for your convenience. We suggest that you make copies and retain the original in your files.

How will NCUA notify the credit union of the approval/disapproval, and how soon?

Within 30 days of our receipt of all required information, we will review the executive approval package(s) and notify you in writing of the approval or disapproval of the selected individual. If our review of the application determines that information is missing, a letter will be sent to the credit union indicating what area(s) need to be completed prior to acceptance for processing.

If you have any questions regarding compliance with the procedures, please do not hesitate to contact this office at (630) 245-1000.

Sincerely

Nicholas Veghts
Regional Director

DOS/EMD:emd
SSIC 3600.1

Attachment

_____ CREDIT UNION

Position for which you are seeking approval: _____

Your Full Name:

First _____ Middle _____ Last _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone #: _____ Yrs. Resided: _____ Own _____ / Rent _____

Date of Birth: _____ Social Security Number: _____

If less than 5 years at present address, then complete next section:

Previous Address: _____

City: _____ State: _____ Zip Code: _____

Yrs. Resided: _____ Own _____ / Rent _____

EMPLOYMENT

Employer: _____

Location: City: _____ State: _____

Occupation: _____

Principal Duties: _____

Supervisor: _____ Date of Hire: _____

If less than 5 years at present employer, then complete next section:

Employer: _____

Location: City: _____ State: _____

Occupation: _____

Principal Duties: _____

Supervisor: _____ Date of Hire: _____

EDUCATION

Elementary School: _____

City: _____ State: _____

Middle School: _____

City: _____ State: _____

High School: _____

City: _____ State: _____

Course of Study: _____

Year Graduated: _____

College: _____

City: _____ State: _____

Course of Study: _____

Years Completed: _____ Year Graduated: _____

Degree: _____

Other schools attended, other training and other life experiences which have provided you with education in business management and financial decision-making (*Add blank sheets of paper to the page, if necessary*).

MAJOR BUSINESS ACTIVITY - PAST 5 YEARS

Name of Business	City, State	Type of Business	Your Position	From/ To
---------------------	-------------	---------------------	------------------	-------------

List other significant items which pertain to your business background:

State why you believe that you are qualified for this position:

**LIST ANY OTHER ORGANIZATIONS OR ASSOCIATIONS WITH
WHICH YOU HAVE BEEN AFFILIATED WITH IN THE LAST 5 YEARS:**

Name	Type	City, State	From/To
------	------	-------------	---------

BUSINESS REFERENCES

Name: _____

Address: _____

Type of Business: _____

Person to Contact: _____

Phone #: _____ Years Known: _____

Name: _____

Address: _____

Type of Business: _____

Person to Contact: _____

Phone #: _____ Years Known: _____

Name: _____

Address: _____

Type of Business: _____

Person to Contact: _____

Phone #: _____ Years Known: _____

	Yes	No
1. Has a claim pertaining to a fidelity bond ever been filed against you?	_____	_____
2. Have you ever been denied coverage under a fidelity bond?	_____	_____
3. Have you ever filed a petition for bankruptcy in the last ten years?	_____	_____
4. Are any suits pending against you?	_____	_____
5. Are any unsatisfied judgments pending against you?	_____	_____
6. Are any material legal or administrative proceedings pending against you?	_____	_____
7. Have you ever been indicted or convicted of a crime by either a state or federal court?	_____	_____

If you have answered “yes” to any of the above questions, give full details and attach copies of any documents in your possession which pertain.

I certify that the above information provided to the National Credit Union Administration is true and correct to the best of my knowledge.

Signature

Date

A complete credit check may be required before your appointment can be approved.

Please provide the information below and sign the authorization. Your signature authorizes the National Credit Union Administration (NCUA) to request a credit check.

Name: _____
(Last Name) (First Name) (Middle Initial)

Address: _____

City: _____ State: _____ Zip Code: _____

Social Security Number: ____ - ____ - ____

My signature below authorizes NCUA to conduct a credit check.

Signature

Date